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SIPDIS

DEPARTMENT FOR WHA/CEN
SOUTHCOM ALSO FOR POLAD
DOL/ILAB FOR LAURA BUFFO
PASS USTR FOR WILLIAM CLATANOFF

E.O. 12958: N/A

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SUBJECT: PANAMA LAUNCHES DOL-FUNDED LABOR TRADE CAPACITY
BUILDING PROGRAM

SUMMARY

1. (U) With a Panama-US FTA Agreement still in limbo after the 8th negotiating round, on February 17 Panama's Labor Ministry launched Panama's participation in the DOL-funded labor trade capacity building project called "Cumple y Gana" (Comply and Win). The four-year project includes the CAFTA countries and the Dominican Republic and costs \$8.75 million. The event highlighted the Labor Ministry's organization, energy, and initiative. Ambassador Watt's participation raised the event's profile, bringing attention to the benefits for smaller businesses of more transparent labor compliance. End Summary.

PROGRAM ASPECTS

2. (U) DOL-funded Cumple y Gana, which began in the CAFTA countries in 2004, provides technical assistance to countries in the region negotiating free trade agreements with the U.S. The project includes:

- a website that answers the most frequently answered labor questions by employees and businesses in the project countries;
- increased standardization and computerization of labor inspection systems; and
- improved use of mediation and conciliation.

LABOR MINISTRY APPROACH

3. (U) The Labor Ministry helped project grantee Foundation for Peace and Democracy (FUNPADEM) organize an energetic launch event that included over 75 participants from government, labor, and the business community. The Labor Ministry also included a representative from the National Council for Organized Workers (CONATO), a labor union umbrella organization, and the National Council for Private Enterprise (CONEP), an umbrella business organization, at the head table. A strong media contingent covered the event.

4. (U) Labor Minister Reynaldo Rivera spoke passionately at the event. He argued that the modern tri-partite approach to dispute resolution is the key to social peace within a democratic system. Minister Rivera characterized the new methods promoted by the project as the "future," noting that such methods help the Labor Ministry to serve more as an educator than a policeman.

MINISTRY INITIATIVE

5. (U) Minister Rivera was quick to point out his historic interest in modern labor compliance tools. During his speech, he recalled his trip to the United States in the 1990s in which he observed the DOL inspection system. (Note: Minister Rivera has mentioned with enthusiasm his visit to the U.S. to PolOff and to DOL representatives on numerous occasions, usually emphasizing his time with U.S. mediators and his interest in mediation.)

6. (U) Acting DOL Director of Foreign Relations Gary Russell, who also spoke during the event, was impressed by the level of activity in the Labor Ministry and its current initiative in renovating its inspections division. Similarly, FUNPADEM coordinators told PolOff after their visit to the Labor Ministry in October 2004 that Panama's pre-project computerized labor inspection system was the most advanced they had seen in the project countries.

AMBASSADOR RAISES PROJECT PROFILE

7. (U) Ambassador Watt's participation raised press interest in the event. Despite an impassioned speech from Labor Minister Rivera that echoed many of her comments, most press coverage focused on Ambassador Watt. She explained that Cumple y Gana could help business and labor to work together to attract investment, create employment, and protect workers' rights. Ambassador Watt noted that the

project approach helps increase understanding of labor laws and the transparency of the inspection process, benefits that could help smaller businesses stimulate employment. The Ambassador also emphasized the link between increased employment and a strong democracy.

COMMENT

18. (U) The Labor Ministry's enthusiastic, tripartite approach to the launch and its enthusiasm for modern inspection and mediation tools bode well for project success. Ambassador Watt's participation helped raise the event's profile, placing respect for labor rights squarely with efforts by the mainstream business community to increase government transparency and strengthen democratic institutions.

Watt